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IN THE

Supreme Court of the United States

OCTOBER TERM, 1970

No. 1593

SOCIETE INDUSTRIES MECHANIQUES ALLIES, *Petitioner*,

v.

HONORABLE OREN R. LEWIS, UNITED STATES DISTRICT JUDGE FOR THE EASTERN DISTRICT OF VIRGINIA, ALEXANDRIA DIVISION, and DEERING MILLIKEN RESEARCH CORPORATION, *Respondents*

RESPONDENT DEERING MILLIKEN RESEARCH CORPORATION'S ANSWERING BRIEF TO PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FOURTH CIRCUIT

OPINIONS BELOW

The section entitled "Opinions Below" in the Petition for Certiorari correctly sets forth the relevant proceedings and opinions below, except insofar as it fails to point out that plaintiff in the District Court, Deering Milliken Research Corporation, was an additional respondent to the Petition for a Writ of Mandamus presented to the Fourth Circuit. This brief purports to speak only for Respondent Deering Milliken Research Corporation.

JURISDICTION

The Petition for Certiorari correctly states that the jurisdiction of this Court is invoked under Title 28, United States Code, Section 1254(1), this being a case in the Court of Appeals before rendition of judgment or decree.

QUESTIONS PRESENTED

Inasmuch as this Petition seeks review of a U.S. Court of Appeals order denying the granting of an extraordinary writ, the initial question presented by this Petition is:

1. Did the Court of Appeals abuse its discretion in refusing to issue a Writ of Mandamus to review the interlocutory order entered prior to trial in this civil action? The District Court's interlocutory order in question had denied the motion of one of two co-defendants to dismiss the action against that co-defendant.

Only if this threshold question were affirmatively answered would the following question be raised:

2. May an action for patent infringement against an alien corporation which has no "regular and established place of business" in any judicial district in the United States and which (by definition) is not a resident of any judicial district in the United States be brought in any district in which that defendant may be served, as provided by the "alien venue statute" 28 U.S.C. § 1391(d); or is an alien corporation which is not subject to suit in any district specified by the special patent venue statute 28 U.S.C. § 1400(b) immune from the enforcement against it of U. S. patents which can be enforced against its U.S. competitors?

STATUTES INVOLVED

28 U.S.C. 1391(d) provides:

> Venue generally.
>
> (d) An alien may be sued in any district.

28 U.S.C. 1400(b) provides:

> Patents and copyrights.
>
> (b) Any civil action for patent infringement may be brought in the judicial district where the defendant resides, or where the defendant has committed acts of infringement and has a regular and established place of business.

28 U.S.C. 1651(a) provides:

> Writs.
>
> (a) The Supreme Court and all courts established by Act of Congress may issue all writs necessary or appropriate in aid of their respective jurisdictions and agreeable to the usages and principles of law.

STATEMENT OF THE CASE

Respondent Deering Milliken Research Corporation, plaintiff below, is the owner of two United States Patents concerning strand twisting and strand handling machinery employed in rope and cord manufacture. It brought suit for infringement in the Eastern District of Virginia against Petitioner, an alien corporation, and an individual co-defendant who admits to being a resident of that district. The complaint (Record, Petition for Writ of Mandamus, Appendix, p. 6) avers that Petitioner manufactures certain twister-winder machines in Italy and that it infringes Respondent's United States Patents by selling those

machines in the United States through its agent, the individual co-defendant.

Before answering, Petitioner moved under FED. R. CIV. P. 12 to dismiss the action with regard to itself on several grounds, including the ground of improper venue. The District Court (the other respondent to this Petition) denied the motion to dismiss on all of the grounds advanced in an interlocutory order and subsequently denied a motion by Petitioner to amend that interlocutory order with a statement that would permit Petitioner to seek a discretionary appeal of the interlocutory order under 28 U.S.C. § 1292(b).

Petitioner then petitioned the United States Court of Appeals for the Fourth Circuit for a Writ of Mandamus to review the interlocutory order. After consideration of the petition, and of the answer thereto which it had ordered Respondent Deering Milliken Research Corporation to submit, the Court of Appeals denied issuance of a Writ of Mandamus without opinion. It is from that denial that this Petition is taken.

Petitioner is a corporation of Italy and admits that it has no regular and established place of business anywhere in the United States (Petition, p. 5). Petitioner also admits to having twice displayed the machines in question at trade shows in the United States and to having received orders for those machines at those shows (Petition, p. 8).

ARGUMENT

1. Mandamus

The order of the District Court denying Petitioner's motion to dismiss was clearly an interlocutory order, not subject to direct appellate review, *Catlin* v. *U. S.*[1]

[1] 324 U.S. 229 (1945).

Petitioner, after failing to bring itself within any of the limited statutory provisions affording immediate appellate review of interlocutory orders,[2] sought thereupon to achieve immediate appellate review by means of extraordinary writ. The Court of Appeals denied Petitioner's invitation to circumvent the orderly statutory appellate scheme in the light of this Court's recent pronouncement on the subject in *Will* v. *U. S.*:[3]

> All our jurisprudence is strongly colored by the notion that appellate review should be postponed, except in certain narrowly defined circumstances, until after final judgment has been rendered by the trial court. . . . Mandamus, of course, may never be employed as a substitute for appeal in derogation of these clear policies.[4]

The District Court, in making its interlocutory ruling which Petitioner seeks to review by extraordinary writ, applied the interpretation of the relevant venue statutes then being followed by district courts of the circuit in which it sits. This is admitted on page 6 of the Petition:

> In explanation, the District Court followed the decisions in *Olin Mathieson Chemical Corp.* v. *Molins Organization, Ltd.*, 261 F.Supp. 436 (E.D. Va. 1966) and *Chas. Pfizer & Co.* v. *Laboratori Pro-Ter Prodotti Therapeutici,* 278 F.Supp. 148 (S.D. N.Y. 1967) notwithstanding the contrary decision by the Seventh Circuit in *Coulter Electronics,* supra pp. 4, 5.

While the statutory interpretation followed by the District Court in the interlocutory order in question is

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[2] 28 U.S.C. § 1292.

[3] 389 U.S. 90 (1967).

[4] Id. at 96-97.

the one urged upon it by Respondent and the interpretation which Respondent believes to be the correct one (see section on "Venue", infra), the interpretation could under no possible circumstances constitute anything worse than a reversible error on a matter within the District Court's jurisdiction. With respect to such situations, this Court in *Will* v. *U. S., supra,*[5] also reiterated that extraordinary writs were totally inappropriate:

> Thus the most that can be claimed on this record is that petitioner may have erred in ruling on matters within its jurisdiction.... But "[t]he extraordinary writs do not reach to such cases; they may not be used to thwart the congressional policy against piecemeal appeals."... Mandamus, it must be remembered, does not "run the gauntlet of reversible errors." . . . Its office is not to "control the decision of the trial court", but rather merely to confine the lower court to the sphere of its discretionary power.[6]

The reason advanced by Petitioner to the Court of Appeals for abandoning orderly appellate procedure in this instance was that as an alien it should be spared the "difficulty and expense" inherent in the preparation for and conduct of a trial. However, for the Court of Appeals to have granted the writ for this reason would have been directly contrary to the result in *Roche* v. *Evaporated Milk Ass'n*[7] wherein a contemplated trial of several months duration on an antitrust indictment was considered inadequate grounds

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[5] Note 3, supra.

[6] Id. at 103-04.

[7] 319 U.S. 21 (1943).

to warrant the circumvention of orderly appeals procedures by use of extraordinary writs:

> Respondents stress the inconvenience of requiring them to undergo a trial in advance of an appellate determination of the challenge now made to the validity of the indictment. We may assume, as they allege, that that trial may be of several months' duration and may be correspondingly costly and inconvenient. But that inconvenience is one which we must take it Congress contemplated in providing that only final judgments should be reviewable.[8]

There is no question that the U. S. courts of appeal have the discretionary power to issue extraordinary writs under the All Writs Act.[9] In *Will* v. *U. S.*, *supra*,[10] this Court has recently reiterated that "only exceptional circumstances amounting to a judicial 'usurpation of power' will justify the invocation of this extraordinary remedy."[11] If the Court of Appeals is held to have abused its discretion in denying the issuance of a writ of mandamus in this instance, then immediate appellate review by mandamus of the propriety of all interlocutory denials of motions to dismiss must be appropriate. That way lies not only the addition of considerable further delay in the pendency of much civil litigation in the federal courts but also the demise of the congressional policy of postponement of appellate review until after final judgment by the trial court.

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[8] Id. at 30.

[9] 28 U.S.C. § 1651.

[10] Note 3, supra.

[11] 389 U.S. at 95.

2. Venue

The "patent venue statute", 28 U.S.C. § 1400(b), permits a choice of two classes of forum for patent infringement suits. The first is "in the judicial district where the defendant resides". Corporations, for purposes of this section, are residents of their place of incorporation, *Fourco Glass Co.* v. *Transmirra Products Corp.*[12] Petitioner is a corporation of Italy (Petition, p. 5) and therefore not a resident of any judicial district. This statutory section also permits such suits to be brought "where defendant has committed acts of infringement *and* has a regular and established place of business" [emphasis added]. Petitioner admits that it has no regular and established place of business anywhere in the United States (Petition, p. 5). Thus Petitioner is not subject to suit for patent infringement in *any* judicial district in the United States if venue can only be founded upon the provisions of 28 U.S.C. § 1400(b).

Petitioner contends that the inapplicability of any of the provisions of 28 U.S.C. § 1400(b) leaves it totally immune from suit in any and all U.S. district courts for infringement of U.S. patents. For support of this strange contention, Petitioner places its demonstrably misplaced reliance on this Court's opinion in *Fourco.*[13]

In *Fourco,* however, the defendant was a West Virginia corporation, and therefore subject to suit for patent infringement under 28 U.S.C. § 1400(b) in at least one district: the district in which it resides. The same is true of the parties contesting venue in

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[12] 353 U.S. 222, 226 (1957).

[13] Ibid.

the other two decisions of this court relied upon by Petitioner, *Schnell* v. *Peter Eckrich & Sons, Inc.*,[14] and *Stonite Products Co.* v. *Melvin Lloyd Co.*[15] In all three of those cases the party contesting venue was subject to suit in at least one judicial district which satisfied 28 U.S.C. § 1400(b) and in all three of those cases this Court uniformly held that the patent infringement suit must be brought in one of those districts. It was in this context that this Court ruled in *Fourco* that the patent venue provisions of 28 U.S.C. § 1400(b) are not supplemented by the general corporate venue provisions of 28 U.S.C. § 1391(c) in patent infringement cases.[16]

Is there any sound basis for extending this Court's holding in *Fourco, supra,* to situations involving alien defendants not subject to suit in any judicial district specified by 28 U.S.C. § 1400(b)? When last confronted by this problem,[17] this Court thought not:

> Upon deliberate advisement, and for the reasons above stated, we are of opinion that the provision of the existing statute, which prohibits suit to be brought against any person "in any other district than that whereof he is an inhabitant," is inapplicable to an alien or a foreign corporation sued here, and especially in a suit for the infringement of a patent right . . . .[18]

In most of the cases construing the current venue statute, the lower federal courts have followed the same

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[14] 365 U.S. 260 (1961).

[15] 315 U.S. 561 (1942).

[16] 353 U.S. at 229.

[17] In re Hohorst, 150 U.S. 653 (1893).

[18] Id. at 662.

reasoning to permit the alien corporation to be sued for patent infringement under the alien venue provisions of 28 U.S.C § 1391(d) wherever it could be served.[19] In one such case,[20] after carefully weighing the effect of the two alternative interpretations, the court held the alien corporation subject to suit in the district where it could be properly served, observing:

> . . . the effect of holding § 1400(b)'s requirements exclusive in a suit against an alien would be to permit a foreign infringer, who conceivably could flood this country with merchandise known by it to infringe, to escape responsibility merely because it did not maintain a regular business here. Such a construction could work grave injustice in some cases by denying victims any relief at all, even under circumstances where fundamental fairness required the alien to subject himself to the jurisdiction as a condition to his doing business here.[21]

Petitioner now contends that subjecting it to suit for patent infringement in any forum sanctioned by 28 U.S.C. § 1391(d) deprives it of due process of law guaranteed by the Fifth Amendment to the U.S. Constitution as well as the Civil Rights Act of 1870, inas-

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[19] Olin Mathieson Chemical Corp. v. Molins Organizations, Ltd., 261 F. Supp. 436 (E.D. Va. 1966); Charles Pfizer & Co. v. Laboratori Pro-Ter Prodotti Therapeutici, 278 F. Supp. 148 (S.D. N.Y. 1967); Deering Milliken Research Corp. v. Stahlecker, 166 U.S.P.Q. 321 (D.S.C. 1969); SCM Corp. v. Brothers Int'l Corp., 316 F. Supp. 1328 (S.D.N.Y. 1970). Contra: Coulter Electronics, Inc. v. A. B. Lars Ljunberg Co., 376 F 2d 743 (7th Cir. 1967), *cert. denied* 389 U.S. 859 (1967); Raytheon Co. v. Sanyo Denki K.K., 168 U.S.P.Q. 422 (N.D. Ill. 1970).

[20] Charles Pfizer & Co. v. Laboratori Pro-Ter Prodotti Therapeutici, 278 F. Supp. 148 (S.D.N.Y. 1967).

[21] Id. at 153.

much as domestic corporations are not subject to suit in all such fora. This constitutional issue, not having been raised below by Petitioner, is for that reason alone not properly raised now before this Court. *Shelley* v. *Kraemer*.[22] However, it may also be pointed out that if this contention were to have any merit at all, it would place into question the constitutional validity not only of the practice of supplementing the patent venue statute[23] with the alien venue statute[24] but also of the alien venue statute in its entirety! That statute clearly permits a wider choice of forum in actions against aliens than any of the federal venue provisions permit in actions against domestic defendants. Thus, if a wider choice of forum in suits against aliens than against domestic defendants is violative of the aliens' Fifth Amendment Due Process guarantees, then the alien venue statute must be unconstitutional *per se*. However, the evanescent presence of alien defendants such as Petitioner in any given judicial district is ample justification for the broader venue provisions for federal actions against them. The constitutional protection which Petitioner here seeks to invoke does not guarantee aliens the same treatment in all respects as citizens;[25] nor is any federal legislation granting greater protection to citizens than to aliens abhorrent to those guarantees.[26]

As spurious as Petitioner's claim of violation of its constitutional rights is its claim that the federal venue

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[22] 334 U.S. 1, 8-9 (1948).

[23] 28 U.S.C. § 1400(b).

[24] 28 U.S.C. § 1391(d).

[25] U.S. v. Pink, 315 U.S. 203, 228 (1942).

[26] Rok v. Legg, 27 F.Supp. 243 (S.D.Cal. 1939).

statutes render it free from suit for patent infringement because it neither resides nor has a regular and established place of business in any judicial district. What a strange state of affairs for Congress to create: to give the federal District Courts exclusive jurisdiction over patent infringement actions[27] and then to establish rules for the selection of specific District Courts which provide a forum against every resident defendant but none whatsoever against alien corporations such as Petitioner.

Petitioner also suggests that Respondent enforce its patents against Petitioner's customers for use of the machines in the United States, but fails to mention the number of suits which would be required if such a course were followed. It is Respondent's claim against Petitioner for the sale of its machines in the United States[28] for which recovery is sought in this action below. This claim, the only meaningful one available to Respondent, is the one which Petitioner would frustrate by the statutory interpretation which it urges.

Venue statutes provide guidelines for selecting which of the courts having jurisdiction of a controversy will be deemed to provide a sufficiently convenient forum for its resolution. To interpret these statutes so as to deprive a claimant of all available fora for the enforcement of his cause against one class of wrongdoers not only does violence to the clear command of those statutes and the Congress' intent in enacting them, but serves no discernible useful policy whatever.

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[27] 28 U.S.C. § 1338(a).

[28] 35 U.S.C. §§ 271(a), 281.

CONCLUSION

The Petition for a Writ of Certiorari should be denied because (1) any alteration of the Court of Appeals order denying mandamus would of necessity greatly increase the volume of immediate appellate review of interlocutory orders sought by petitions for extraordinary writs and broaden the carefully and narrowly defined guidelines for the granting of such writs heretofore laid down by this Court; and because (2) the District Court correctly ruled on the question of venue in the interlocutory order here sought to be reviewed.

Respectfully submitted,

KURT SHAFFERT
SHAFFERT & MILLER
1000 Connecticut Avenue, N. W.
Washington, D. C. 20036
Attorney for Respondent Deering Milliken Research Corporation